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automotive FLEET

THE MANAGEMENT MAGAZINE FOR CAR AND LIGHT TRUCK FLEET OPERATORS

bright ideas for controlling costs

APRIL 1985 VOL. 24, NO. 6

automotive FLEET

THE MANAGEMENT MAGAZINE FOR CAR AND LIGHT TRUCK FLEET OPERATORS

Influencing over 3.4 million cars and 1.6 million light trucks and vans in leasing, rental, business, government, taxi, police, utility, and driving schools.

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Profile of a Fleet Director: Wendy's Helene Kamon p. 26

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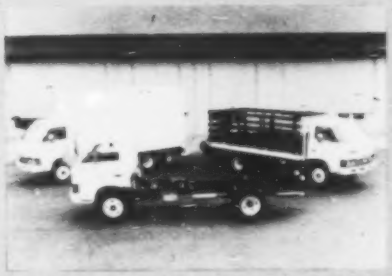
Operating Costs Rise 13 Percent on Closed-End Leased Vehicles p. 30



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On our cover: Keeping a handle on operating costs is one of the fleet manager's greatest challenges. But coming up with bright ideas for controlling fleet costs is what separates the pros from the average Joes.

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Calendar

APRIL

12-14 — National Vehicle Leasing Association certification programs, San Francisco, CA; information: (213) 477-4287.

15-17 — Leasemark Lease Management Training Course, Schaumburg Marriott Hotel, Schaumburg, IL.

15-18 — National Association of Fleet Administrators Automotive Systems and Maintenance Technologies course, San Francisco Hilton and Tower, San Francisco, CA.

25-28 — Association of Commuter Transportation Conference, Toronto, Canada.

MAY

1-5 — National Vehicle Leasing Association Convention, Broadmoor Hotel, Colorado Springs, CO.

6-9 — National Association of Fleet Administrators Automotive Systems and Maintenance Technologies course, Hyatt Cherry Hill, Cherry Hill, NJ.

16-17 — Buzz Doering Automobile Leasing Seminar, LaGuardia Marriott, New York, NY.

29-June 2 — Automotive Fleet and Leasing Association Convention, Westin Copley Plaza, Boston, MA.

JUNE

2-5 — National Association of Fleet Administrators' 28th Annual Conference, Sheraton-Boston, Boston, MA.

16-19 — Electric Utility Fleet Members Conference Williamsburg, VA.

Gas Prices

City	UNLEADED Cost Per Gallon Unleaded Full-Serve	 Self-Serve
Fort Smith, AR	120.9	107.2
Needles, CA	153.9	130.9
Pueblo, CO	125.9	104.9
Tampa, FL	146.9	119.2
Atlanta, GA	137.8	108.4
Spencer, IA	114.9	106.9
Emporia, KS	131.5	103.4
Worcester, MA	117.9	107.4
Kalamazoo, MI	153.0	118.9
Rolla, MO	127.4	99.9
Wilmington, NC	127.9	107.4
Buffalo, NY	130.9	117.5
Lancaster, PA	147.4	118.9
Charleston, SC	143.5	113.9
La Grange, TX	126.0	101.9

Survey conducted during the first five working days of March, 1985.
Supplied by Runzheimer International, Runzheimer Park, Rochester, WI.

Operating Costs Rise 13 Percent on Closed-End Leased Vehicles

Operating costs for '84 rose 13 percent over '83 figures for closed-end leased vehicles. According to a recent survey of members of the American Automotive Leasing Association (AALA), total operating costs for closed-end leases totaled $331.58 per unit per month.

The '84 average represents a 12.97 percent increase over the '83 average of $293.50 dollars per month.

Other survey highlights include a slight drop in the average number of months in operation from 30.2 months to 29.9 months, plus a slight increase in the intermediate model-size's share of the closed-end fleet.

Earl Holtzman, managing partner of Michael Silver and Associates in Skokie, IL, presented the results of the member survey at the recent AALA convention in Palm Springs. Breaking operating costs down further, Holtzman noted that depreciation per unit per month averages rose from $173.40 to $206.05, an 18.83 percent increase. Repairs and maintenance per unit per month averages rose from $33.07 to

Comparative Analysis of Average Per Unit Per Month Costs
Years 1984 and 1983 (Closed-End)

			Increase (Decrease)		
OPERATING COSTS:	**1984**	**1983**	**Amount**	**Percentage**	**Percentage of Total**
Depreciation	$206.05	$173.40	$32.65	18.83%	85.1%
Repairs and maintenance	33.40	33.07	.33	1.00	.9
Insurance	16.57	13.15	3.42	26.01	8.9
License tags and taxes	8.90	7.93	.97	12.23	2.5
Interest	65.57	63.99	1.58	2.50	4.1
Delivery	1.09	1.96	(.87)	(44.39)	(2.3)
Total Operating Costs	**$331.58**	**$293.50**	**$38.08**	**12.97%**	**99.2%**
General and administrative	34.94	34.63	.31	1.00	.8
TOTAL COSTS	**$366.52**	**$328.13**	**$38.39**	**11.70%**	**100.0%**

	1984	**1983**	**1982**	**1981**	**1980**	**1979**	**1978**	**1977**
Total costs per month	$366.52	$328.13	$320.32	$306.82	$276.29	$247.98	$228.31	$212.01
Avg. mos. in operation	29.9	30.2	28.1	27.3	27.4	26.6	26.3	26.1
Avg. annual mileage	34,923	29,770	34,646	31,894	34,591	28,952	30,609	28,568

"Repairs and maintenance averages rose to $33.40."

Analysis of Per Unit Per Month Costs for the Year 1984 (Closed-End)

	Depreciation	Repairs and Maintenance	Insurance	Tags & Taxes	Interest	Delivery	Total Operating Costs	General & Administrative	Total Costs	Average Mo. in Operation
Less than 1,000 Cars Average Costs	$219.00	$15.59	—	$7.52	$69.69	$0.61	$303.40	$34.75		
1,000 to 1,999 Cars Average Costs	199.93	39.16	12.52	13.32	68.79	1.54	327.97	38.68		
Over 2,000 Cars Average Costs	202.64	34.67	18.59	8.23	60.98	1.00	314.31	33.16		
Combined Average Costs	206.05	33.40	16.57	8.90	65.57	1.09	331.58	34.94	366.52	29.9

$33.40, a 1 percent increase. Insurance per unit per month averages rose from $13.15 to $16.57, a 26.01 percent increase. License and taxes per unit per month averages rose from $7.93 to $8.90, a 12.23 percent increase. Interest per unit per month averages rose from $63.99 to $65.57, a 2.50 percent increase. Delivery per unit per month averages dropped from $1.96 to $1.09, a 44.39 percent decrease.

As mentioned above, taken together, those figures add up to a total operating cost average of $331.58, a $38.08 increase over the '83 figure. To that average should be added general and administrative per unit per month averages, which during '84 increased 1 percent to $34.94. The total cost per closed-end unit per month thus averages $366.52.

This total cost per closed-end unit per month average contrasts with the '83 total cost average of $328.13. In '80, the average was $276.29. And in '77, the average was $212.01.

During '84, the average composition of the AALA closed-lease fleet shifted slightly. Intermediate models accounted for 57 percent; standard models for 19 percent; and compact models for 24 percent. These figures represent a slight erosion of the standard segment into the intermediate class, when compared with averages from a year earlier.

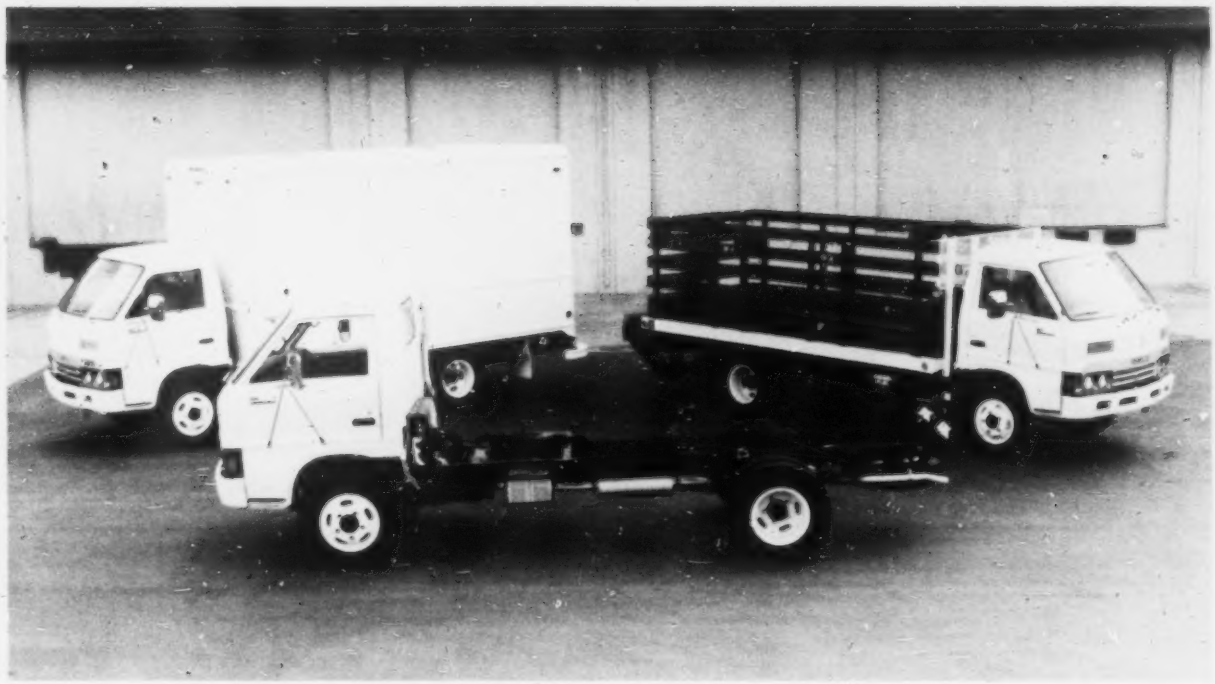
As to the percentage averages per manufacturer, Chevy logged a 26 percent penetration. Ford and Lincoln-Mercury logged 13 and 3 respectively. Buick, Oldsmobile, Pontiac, and Cadillac averaged 18, 13, 5, and 1 percent of composition averages, respectively. And Chrysler logged 6 percent. "Others" accounted for 15 percent of average fleet composition, a 3 percent rise of the previous year's penetration. Grouped together, Chevrolet, Ford, and Chrysler netted 45 percent of the average closed-end fleet.

When it came to used-car disposition, averages for the closed-end AALA fleet showed 46 percent of the fleet being disposed of through used-car dealers. Lessee employee purchases accounted for 19 percent of off-lease disposals, and another 16 percent were disposed of through auctions. Only 9 percent went to new-car dealer sales, leaving "other retail" at an average of 10 percent.

Holtzman also presented averages for open-end AALA fleets. In terms of fleet composition, open-end averages were 33 percent standard, 47 percent intermediate, and 20 percent compact. Composition averages by manufacturer were 25 percent Chevrolet, 20 percent Ford, 2 percent Lincoln-Mercury, 6 percent Chrysler, 13 percent Oldsmobile, 12 percent Buick, 5 percent Cadillac, 4 percent Pontiac, 10 percent import, and 3 percent other.

Composition of Fleets (Closed-End)

	Model Sizes													
	Standard %	Intermediate %	Compact %	Air Conditioning %	Chevrolet %	Ford %	Chrysler Corp. %	Pontiac %	Oldsmobile %	Buick %	Cadillac %	Foreign %	Lincoln Mercury %	Other %
Averages — 1984 (Closed End)	19.00	57.00	24.00	96.00	26.00	13.00	6.00	5.00	13.00	18.00	1.00	13.00	3.00	2.00
Averages — 1983 (Closed End)	23.00	53.00	24.00	96.00	31.00	12.00	6.00	7.00	20.00	10.00	2.00	8.00	Included Other	4.00
Averages — 1984 (Open End)	33.00	47.00	20.00	96.00	25.00	20.00	6.00	4.00	13.00	12.00	5.00	10.00	2.00	3.00
Averages — 1983 (Open End)	24.00	54.00	24.00	90.00	27.00	18.00	6.00	3.00	14.00	8.00	2.00	11.00	Included Other	11.00



Isuzu's beefy KS22 has been attracting urban-fleet attention

Class III, Revisited

Until recently, no category of commercial truck had experienced such a dramatic drop in factory sales as Class III. Weighing from 10,001 to 14,000 pounds and generally used for urban delivery, these vehicles were sold at an average annual pace exceeding 29,000 units throughout the seventies. But in '80, the total fell to 5,661; figures for '81-'83 were 311, 280, and 223.

Now, however, the popularity of these trucks seems again to be on the rise. Paced by the entry of Iveco Trucks of North America, Inc. and Isuzu Trucks of America, Inc., Class III sales reached 6,019 last year. And even more growth is predicted for this year.

Asked to explain Class III fortunes, manufacturers offer almost as many answers as there are applications for these workhorse rigs. According to one explanation, domestic makers "abandoned" Class III several years ago in a move to standardize components for the hotter-selling Class I and II light pickups. Another explanation ventures that the drop-off resulted when manufacturers simply reclassified the heavier vehicles into Class II (GVW: 6,001-10,000) in order to circumvent a 10 percent excise tax.

Indeed, that tax seems crucial to understanding Class III's turnaround. "A major reason the 10,000 to 14,000 category 'died' in the first place was because of artificial barriers," says Dave Tarrant, Ford sales manager for recreational vehicles and original equipment manufacturing. "The old excise tax law placed a 10 percent surcharge on any truck over 10,000 GVW. As a result, we tended to sell a lot of vehicles just under 10,000. If the buyer needed greater capacity, he would often go up to a much higher GVW — wanting naturally to get the most for his money.

"But in '82 the Surface Transportation Act removed that 'artificial' tax barrier (on Class III trucks)," Tarrant goes on. "And now the market has begun to react."

One firm enjoying much of that reaction is Isuzu Truck of America, a subsidiary of Japan's Isuzu Motors Ltd., the world's fifth largest manufacturer of diesel engines. Last year the California-based firm introduced its first Japanese truck for the U.S. market, the Class III KS22.

With a GVW of 10,500, the KS22 comes as a cab-chassis unit suitable for several types of bodies. The vehicle is powered by a 3.9-liter direct-injection diesel engine with a 5-speed manual transmission, and has a 130-inch wheelbase.

"...'designed specifically for city-suburban delivery'..."

Iveco's Z-120TA features turbo-charged 335

The KS22 features heavy-duty construction marked by a reinforced ladder frame and reverse Elliot I-beam front suspension. Cab design affords maximum utilization of the cargo space — the truck can carry a 5,700-pound payload — while allowing a small turning radius of some 41 feet. It's claimed that the KS22 will get up to twice the gas mileage of a comparable V-8 gas engine. And it's the only vehicle in its class with a standard exhaust brake.

"Ours is a true Class III truck, one built and designed specifically for city-suburban delivery," says Jack Dawson, national marketing manager for Izusu Truck. "Seventy to 80 percent of the units we've sold have been outfitted with van bodies, making them suitable for hauling everything from feathers to appliances. We're selling a lot to the construction industry, a lot to food processors, and the like."

Working through some 80 dealers in 20 states, Isuzu has sold a total of 400 KS22s, 300 of those in '85 alone. Dawson predicts the dealer-body will number 250 by the end of the calendar year, with KS22 sales approaching 5,000 units.

"We're selling all the trucks from Japan we can get our hands on," Dawson explains. "The biggest problem we have is with the bodies. Body-manufacturers already are up to capacity, and they're having difficulty keeping pace with industry sales."

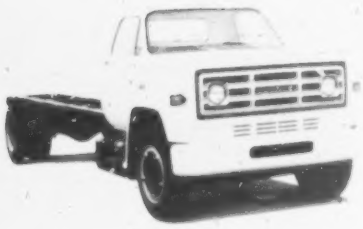
Another company predicting record Class III activity this year is Iveco, the American diesel-truck arm of Iveco in Europe. After selling 3,452 vehicles in Classes III through V in '84 — making Iveco the best-selling European nameplate in this country — the Pennsylvania-based firm expects to top the 4,000 mark in '85.

Iveco's Class III entries are the Z-110 and the Z-120TA, both with maximum GVW of 11,600, and payload capacities of 6,200 pounds. The Z-110 is available as chassis cab or cutaway, with wheelbases of 118 or 141.7 inches. Power is supplied by a 335-cubic-inch, water-cooled, I-6 diesel mated to a 5-speed manual transmission. Turning radius for the smaller wheelbase is 36.5 feet; for the larger, 42 feet. The Z-120 is the turbo-charged version featuring the 335-cubic-inch engine as well as an automatic transmission. Turning radii are the same as the Z-110.

Iveco officials liken the firm's 1980 entry into Class III to a salesman offering a size-10 shoe to customers previously forced to wear size 9 — or 11. "At that time,

"Detroit will soon offer a 4x4 11,000 F-350."

many urban delivery trucks were either *overloaded* F-350s, or *underloaded* F-600s," insists Todd Bloom, Iveco vice president for marketing. "We identified that gap in the marketplace and moved to fill it with a premium-quality, premium-performing vehicle."



GMC's C-3500

Bloom says that most Class III Iveco sales have thus far been to wholesale and retail distribution firms. Many of them, he adds, were attracted by U.S. Auto Club figures which show Iveco's Z-110 achieving more than 82 percent better fuel economy than the gas-powered GMC C-3500, and 60 percent better economy than the gas Ford F-350.

The makers of those vehicles, meanwhile, aren't standing still. Recognizing the re-emergence of Class III, Ford's Dave Tarrant says the Detroit firm will soon offer a 4X4, dual-rear-wheel version of the 11,000 GVW-rated F-350. Introduced as a 1985½ model, the vehicle will be aimed at farmers, ranchers, and small excavating contractors — "anybody who needs a one-ton kind of truck," Tarrant says. Additionally, Ford is beefing up F-series componentry (horsepower, axles), and may put its cargo-hauling, 11,000-GVW cutaway-with-van-body into regular production.

At GMC, most Class III activity occurs in the RV segment, where the P-3500 motor-home chassis has a GVW range of 10,500 to 14,500 pounds. While GMC offers 12,000-GVW cab-chassis rigs for urban delivery and some "parcel-delivery type" value-vans in the 11,500 to 14,000 pound category, they are reported mainly as Class II vehicles.

Ford's F-350

"We are currently wrestling with the definition of the Class III segment," a GMC official discloses. "But we're not doing anything more now than just looking."

Truck Retail Sales by Gross Vehicle Weight Group

Truck Retail Sales (Thousands) Domestic (lbs. GVW)

Year	0-14,000	Over 14,000	Imports	Total
1971	1,679	333	85	2,096
1972	2,103	383	143	2,629
1973	2,470	446	233	3,148
1974	2,109	403	176	2,688
1975	1,974	275	229	2,478
1976	2,663	281	237	3,182
1977	3,012	341	323	3,675
1978	3,406	367	336	4,109
1979	2,636	374	470	3,480
1980	1,735	266	487	2,487
1981	1,587	222	451	2,260
1982	1,968	178	414	2,560
1983	2,477	181	471	3,129
1984	3,208	267	618	4,093

Import Penetration in U.S. Truck Market

(Thousands)

Year	From Japan	Imports Total	Share of U.S. Mkt Total Imports
1971	82	85	4.1
1972	142	143	5.4
1973	232	233	7.4
1974	175	176	6.6
1975	228	229	9.3
1976	236	237	7.5
1977	321	323	8.8
1978	334	336	8.2
1979	466	470	13.5
1980	481	487	19.6
1981	444	451	20.0
1982	407	414	16.2
1983	464	471	15.1
1984	608	618	15.1

NOTE: Domestic sponsored imports included with total imports and excluded from domestic sales. Beginning January 1980 passenger vans previously reported as passenger cars are now included with trucks.
SOURCE: Motor Vehicle Manufacturers Association.

NAFA's Annual Used-Car Marketing Survey

The average service life is 30.2 months and 57,732 miles, and leased cars are replaced sooner than company-owned. Such is the brunt of a recent survey by the National Association of Fleet Administrators. A total of 216 NAFA members, responsible for 147,281 passenger cars, participated in the 1984 used-car marketing survey.

In order to provide a replacement-cycling policy and used-car marketing methods, the survey responses are divided into four general categories — U.S. commercial fleets, public utility, government, and Canadian fleets.

There are 143 fleets with 101,030 passenger cars in the U.S. commercial fleet segment. Their cars are kept in service an average of 30.2 months and driven an average of 57,732 miles before replacement.

These fleets marketed 32 percent of their cars in 1984. Three percent were 1980 or earlier models; 30 percent were 1981 models; 18 percent were 1983 models; and 7 percent were 1984 models, or one-year-old cars.

Thirty-two percent of the group's cars were sold to employees; 26 percent at auctions; 25 percent to wholesalers; 9 percent to used car dealers; and 8 percent were traded to new car dealers.

Where a valid comparison could be made, it is apparent that leased cars are kept for a shorter time and driven fewer miles than company-owned cars. The figures are 29.4 months and 56,471 miles for leased cars, compared to 36.5 months and 62,221 miles for company-owned cars.

The public-utility fleets keep their cars the longest. The average service life is 68.1 months, and they are driven 74,866 miles before replacement. The 15 fleets in the group replaced only 18 percent of their cars in 1984. The 27 government fleets represented in the survey keep their cars an average of 57.1 months and drive them 81,137 miles before replacement.

The Canadian segment of the 1984 survey consists of 31 fleets operating 7,483 cars. The Canadian fleets keep their cars in service 30.8 months and drive them 90,685 kilometers (56,225 miles) before replacement.

Here are relevant highlights for a number of different groups:

Manufacturing-Industrial Group

The Manufacturing-Industrial Group consists of 23 fleets operating 12,318 passenger cars (2,002 company-owned, 10,316 leased). In 1984 the fleets in this group sold 3,194 used cars, 28 percent of the vehicles in service at the beginning of the year.

NAFA's Used-Car Marketing Survey Summary Results

				Model Years						Selling Methods				
Group	Cars in Fleet	Owned	Leased	Sold in 1984	1980 and Earlier	1981	1982	1983	1984	Em-ployee	Whole-sale	Used Car	Auto Auction	Trade Ins.
Drug & Cosmetics (17)	15,045	1,114	13,931	5,743	—	547	3	1,245	359	1,774	2,195	745	974	—
Insurance (29)	23,125	13,930	9,195	8,337	146	2,025	2,089	1,310	248	1,961	702	538	2,385	1,428
Mfg. - Industrial (21)	12,318	2,002	10,316	3,194	—	407	1,927	414	39	972	1,109	395	566	16
Mfg. - Consumers (21)	19,914	10,440	9,474	6,670	56	2,640	2,883	818	55	3,006	1,130	40	2,280	35
Food & Beverage (14)	8,856	3,976	4,880	3,364	—	372	1,147	163	834	824	887	26	708	825
Chemical & Petroleum (18)	6,877	3,625	3,252	1,523	177	761	466	99	12	334	532	301	313	46
Banking & Financial (7)	854	300	554	210	19	38	46	14	10	47	22	—	141	—
Other (16)	14,041	12,352	1,689	3,131	247	655	1,741	420	45	698	861	550	822	30
U.S. Commercial (143)	**101,030**	**47,739**	**53,291**	**32,172***	**645**	**7,445**	**10,302**	**4,483**	**1,602**	**9,616**	**7,438**	**2,595**	**8,189**	**2,380**
Public Utility (15)	20,126	19,801	325	3,732*	547	3,120	53	12	—	116	41	108	3,468	—
Government (27)	18,639	18,529	110	3,189*	2,069	947	146	22	5	75	—	—	3,144	—
Canada (31)	7,486	3,626	3,860	1,812*	240	821	524	222	5	583	276	42	303	7

* These totals may differ from selling method totals because not everyone answered this section of the questionnaire.

". . .the group sold 32 percent to employees. . ."

Fifteen percent of the cars sold were 1981 models; 69 percent were 1982 models; 15 percent were 1983 models; and 1 percent were 1984 model year cars.

When marketing their used cars, the fleets in the group sold 32 percent of their cars to employees; 36 percent to wholesalers, 13 percent to used car dealers, 18 percent to auctions, and 1 percent were sold or traded to new car dealers.

The average in-service life of the cars in the Manufacturing-Industrial Group was 31.1 months. On average, the cars had been driven 62,880 miles when sold.

In most of the fleets in this group, the responsibility for used car marketing was split between the lessor and fleet manager. In one fleet each, the fleet manager, the company car operator, and the field office were also involved in used-car marketing.

When setting a price of sale of a used car to employees, *AMR* price guides are the most widely used (by at least eight fleets). Three fleets rely on the NADA or *Black Book* as a guide, while a number of fleets use the undepreciated book value as the basis for setting the price to employees.

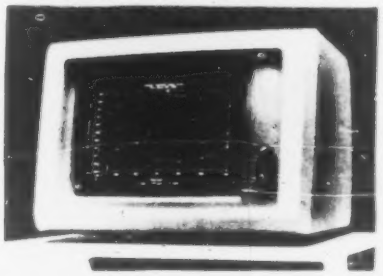
The most frequently mentioned replacement cycle for 1984 was 36 months/55,000 miles (six fleets). Two fleets used 36 months or 75,000 miles as their replacement cycle. Other time and mileage cycles mentioned were 24 months/55,000 miles; 26 months/70,000 miles; 60 months/65,000 miles; 36 months/50,000 miles; 48 months/62,000 miles; 48 months/70,000 miles; 40 months/68,000 miles; 36 months/70,000 miles; 36 months/60,000 miles. One fleet said its cycle ranged from 18 to 40 months and 50,000 to 70,000 miles. Two fleets base their replacement solely on time in service — 25 and 26 months, while one other fleet reported that it replaces its cars at 50,000 miles.

Six fleets in the Manufacturing-Industrial Group reported they are planning to change their replacement cycle in 1985. Five will shorten service life with these changes: from 36 months/75,000 miles to 30 months/65,000 miles; 48 months/70,000 miles to 48 months/60,000 miles; 40 months/68,000 miles to 37 months/55,000 miles maximum; 36 months/70,000 miles to 36 months/60,000 miles; 26 to 24 months. One fleet reported it will change from a 36-month cycle to a 24-month cycle in 1986. One fleet is planning to increase the service life of its cars — from 36 months/55,000 miles to 36 months/75,000 miles.

Six fleets in the group reported they do some reconditioning before marketing their used cars. As a rule, this work consists of clean-up, tires, and interiors. The remaining fleets market their used cars "as is."

TAKE ADVANTAGE OF PERSONAL COMPUTER TECHNOLOGY

TO CONTROL YOUR FLEET



Controlling a fleet means controlling the thousands of expense documents that a fleet creates. Organizing, summarizing, and computing cost effectiveness are what a computer does best. There is really no way any manual record keeping system can match the cost saving power of a carefully crafted computer software package. As a result such a package is the most cost effective investment an organization can make for its fleet.

Selecting a package at first may seem challenging and confusing. But, some key elements quickly become clear. (1) Is the package **designed by experts** that have many years of hands on fleet experience with an extensive variety of fleet types? (2) Is the package so **well thought out** that it can do things you may have not yet anticipated? (3) Is the package so **powerful and versatile** that it can do things its designers have not yet created . . . the ability for on-going creativity? (4) Does the package have the necessary computing horsepower to get the job done . . . a personal computer is low on horsepower and a conventional software package written in a language like Cobol, Basic, or Pascal just does not have the necessary UMPH to manipulate the many thousands of document records that a fleet accumulates. The **most powerful database handler available for a personal computer** is required to overcome this power deficiency.

Fleet Computing International answers all of these critical points and much more with our **FLEET CONTROLLER™**.

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"Responsibility divided between lessors and fleet managers."

Chemical & Petroleum Group

The Chemical and Petroleum Group consists of 18 fleets operating 6,877 passenger cars (3,625 company-owned, 3,252 leased). In 1984 these fleets sold 1,515 cars, 23 percent of their total stock at the start of the year.

Twelve percent of the cars sold in 1984 were 1980 or older models; 50 percent were 1981; 31 percent were 1982 models; 6 percent were 1983 models; and 1 percent were 1984 model year cars.

Among the fleets with predominantly leased cars, 43 percent of the used cars were sold to employees; 24 percent were sold to wholesalers; 18 percent were sold to used-car dealers; 10 percent were consigned to auctions; and 5 percent were sold or traded to new-car dealers.

In company-owned fleets, 11 percent of the used-cars were sold to employees; 40 percent were sold to wholesalers; 21 percent went to used-car dealers; 26 percent went to auctions; and 2 percent were traded to new-car dealers.

Fleets operating under a lease arrangement kept their cars in service an average of 30.3 months while driving them 60,555 miles. In company-owned fleets the average service life was 39.1 months and 74,666 miles.

The responsibility for marketing used cars in leased fleets was almost equally divided between lessors and fleet managers. In company-owned fleets the responsibility in all but two fleets rested with the fleet manager. In the other two it was shared with a management service and the company's field offices.

In six fleets AMR was the guide for setting the price of a used car being sold to an employee. NADA or *Yellow Book* was mentioned by two fleets, as was *Black Book*. In seven fleets the used-car price to employees is set by the fleet administrator; in at least four it is determined by the leasing company.

The most widely used replacement cycle in the Chemical & Petroleum Group is 36 months/60,000 miles (five fleets). Other replacement cycles being used (in one fleet each) include: 48 months/50,000 miles; 60 months/90,000 miles; 48 months/80,000 miles for full size cars, and 36 months/65,000 miles for mid-size cars; 36 months/100,000 miles; 36 months/65,000 miles to 70,000 miles; 75,000 to 80,000 miles; 100,000 miles; 60 months/70,000 miles; 36 months/35,000 miles; and 50,000 miles.

Three fleets in the group are planning to change their replacement policies during 1985. One fleet is moving from a five year/80,000 mile policy to 4 years/80,000 miles; another is switching from 48 months/80,000 miles to 36 months/60,000 miles. The third is shifting from 40 months/80,000 miles to 40 months/60,000 miles. Three fleets in the group recondition their cars.

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( ) 1985 Fleet Cars – Selection Chart
( ) The Lease Piece – Fleet Newsletter
( ) Leasing Lexicon – Terminology Folder

Name _____
Title _____
Company _____
City/State/Zip _____
Phone _____
Number of Fleet Cars _____

FLA

Fleet Leasing of America, Inc.
24600 Plymouth Road / Detroit, MI 48239 / (313) 537-8750

Public Utility Segment

The Public Utility Group consists of 15 fleets operating 20,126 passenger cars (19,801 company-owned, 325 leased). During 1984 these fleets sold 3,732 cars, 18.5 percent of their stock at the start of the year. Fifteen percent of the cars sold were 1980 or earlier models; 84 percent were 1981 models, and 1 percent were 1982 model year cars. Less than one-half of 1 percent of the cars sold were 1983 or 1984 model year cars.

Three percent of the cars sold in 1984 were bought by employees. Another 3 percent were sold to used car dealers; 1 percent were sold to wholesalers, while 93 percent were sold at auctions. In all Public Utility fleets the fleet manager is responsible for selling used cars. In one fleet some units are sold through a field office; in another a division office handles some used- car sales.

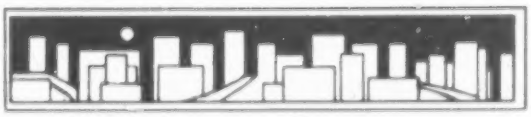
Average service life of public utility fleet cars is 67.6 months. They are driven an average of 74,866 miles before replacement.

Six fleets in the Public Utility group sell used cars to their employees. In three fleets it is by sealed bid; in the others the price is based on a combination of NADA and corporate average price.

Replacement policies among Public Utility fleets vary from one fleet that said it has "no policy" to another that said it was "condition plus cost to run another year." In between, there are these specific replacement policies: 60 months/100,000 miles (two fleets); 50 months/65,000 miles; 36 months/60,000 miles; 84 months/75,000 miles; 72 months/75,000 miles; 48 months/50,000 miles; 120 months/80,000 miles; 72 months/80,000 miles; 48 months/72,000 miles; 48 months/65,000 miles; and 108 months.

Three fleets are planning to change their replacement cycles in 1985. One fleet is switching from 72 months/75,000 miles to 24 months/30,000 miles. One is lengthening its service life from 84 months/75,000 miles to 96 months/80,000 miles in 1985, and then to 108 months/90,000 miles in 1986. One fleet reported its goal was to "get all vehicles down to six years or 100,000 miles."

Seven fleets in the group recondition their cars before putting them on the used-car market. Among the comments on reconditioning were: "not at our expense, auction does some if they believe they will more than recover the cost;" "any mechanical work required to keep vehicle safe, complete painting if required, and body work," "repaint from company color," "minor body touch up on good cars, no work done on rough or high mileage units."



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Used Cars

The following are average car prices for the period ending March 20, 1985. Prices are based on wholesale activity at major dealer auctions across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically on IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.

Model	AVERAGE AUCTION PRICE Zone 1	Zone 2	Zone3
83 AMC ALLIANCE			
Sdn	4025	4066	3985
83 AMC CONCORD			
Sdn	4261	4302	4220
Sta Wgn	4499	4545	4454
83 BUICK SKYLARK			
Sdn Custom	4808	4856	4759
82 BUICK SKYLARK			
Sdn	3954	3997	3916
83 BUICK REGAL			
Sdn	6206	6269	6143
Cpe	6379	6443	6317
82 BUICK REGAL			
Turbo Cpe	5583	5639	5527
Cpe	5408	5462	5354
83 BUICK CENTURY			
Sdn Custom	6092	6151	6030
82 BUICK CENTURY			
Sdn Custom	5101	5152	5051
83 CADILLAC			
Cpe DeVille	10853	10983	10746
Sdn DeVille	10790	10898	10681
82 CADILLAC			
Cpe DeVille	8680	8966	8789
Sdn DeVille	8823	8910	8736
83 CHEVY			
Chvt Htchbk 4-Dr	2969	3030	2971
Camaro Cpe 8	6811	6878	6742
82 CHEVY			
Chvt Htchbk 4-Dr	2387	2420	2373
Camaro Cpe 8	5844	5903	5786
83 CHEVY CELEBRITY			
Sdn	5699	5712	5598
82 CHEVY CELEBRITY			
Sdn	4697	4742	4649
83 CHEVY CAVALIER			
Sdn	4754	4802	4706
82 CHEVY CAVALIER			
Sdn	3487	3531	3462
83 CHEVY CITATION			
Cpe 6	3994	4035	3954
82 CHEVY CITATION			
Cpe 6	3041	3072	3010
83 CHEVY MALIBU			
Clas Sdn	5614	5669	5556
Clas Sta Wgn	5843	5901	5785
82 CHEVY MALIBU			
Clas Sdn	4592	4637	4545
Clas Sta Wag	4792	4838	4742
83 CHEVY MONTE CARLO			
Cpe	6247	6310	6185
82 CHEVY MONTE CARLO			
Cpe	5190	5242	5138
83 CHEVY IMPALA			
Sdn	6058	6119	6098
82 CHEVY IMPALA			
Sdn	4961	5010	4913
Wgn 9	5154	5205	5102
83 CHEVY CAPRICE			
Sdn	6723	6789	6655
Sta Wag	6955	7024	6884
83 CHRYSLER			
E-Class Sdn	5967	6025	5908
82 CHRYSLER			
New Yorker Sdn	7452	7527	7378
83 DODGE OMNI			
4 Dr Cust	3802	3839	3764
82 DODGE OMNI			
4 Dr Cust	2934	2964	2904
83 DODGE ARIES			
Cpe	4448	4493	4406
82 DODGE ARIES			
Sdn	3469	3505	3436
83 DODGE DIPLOMAT			
Sln Sdn	5126	5178	5077
82 DODGE DIPLOMAT			
Sln Sdn	4117	4158	4077
83 FORD FAIRMONT			
Futura 6-Cyl Sdn 4 Dr	4238	4279	4196
82 FORD FAIRMONT			
Futura Sdn 4-Dr	3357	3391	3324
83 FORD MUSTANG			
L-Cpe 4	4754	4801	4706
82 FORD MUSTANG			
L-Cpe 4	3824	3863	3786
83 FORD LTD			
Sdn	5340	5395	5285
82 FORD LTD			
Sdn	5181	5236	5130
83 FORD ESCORT			
Sdn 4 Dr	3706	3743	3669
83 FORD CROWN VIC			
Sdn	7668	7778	7620
82 FORD CROWN VIC			
Sdn	6062	6125	6002
83 FORD THUNDERBIRD			
Cpe	6590	6657	6526
82 FORD THUNDERBIRD			
Cpe	5217	5268	5195
83 LINCOLN CONTINENTAL			
Sdn	12789	12917	12661
Mark VI Cpe	12922	13050	12793
82 LINCOLN CONTINENTAL			
Sdn	8890	8980	8793
Mark VI Cpe	10795	10672	10660
83 MERCURY COUGAR			
Cpe	6702	6776	6643
82 MERCURY COUGAR			
GS Cpe	4017	4055	3974
Sdn	4017	4055	3974
83 MERCURY LYNX			
HtchBk 2-Dr	3850	3887	3815
83 MERCURY MARQUIS			
Sdn	5604	5460	5354
82 MERCURY MARQUIS			
Sdn	5471	5525	5414
Wgn-2S	5640	5696	5582
83 OLDS CIERA LS			
Cpe	6006	6065	5945
Sdn	6084	6144	6022
83 OLDS CUTLASS SUPREME			
Cpe	6466	6531	6401
Sdn	6265	6350	6224
82 OLDS CUTLASS SUPREME			
Sdn	5259	5313	5207
Cpe	5466	5522	5411
83 OLDS DELTA			
Sdn	6962	7050	6913
83 PLYMOUTH HORIZON			
4 Dr Htchbk	3698	3734	3660
83 PLYMOUTH RELIANT			
Cpe	4461	4505	4415
82 PLYMOUTH RELIANT			
Cpe	3459	3493	3424
82 PONTIAC FIREBIRD			
Cpe 8	5889	5947	5829
82 PONTIAC BONNEVILLE			
Sdn 6	5072	5122	5021
83 PONTIAC 6000			
Cpe	5860	5919	5802
Sdn	5941	5999	5879
83 VOLKSWAGEN RABBIT			
2 Dr Htchbk	4426	4472	4384
82 VOLKSWAGEN RABBIT			
2-Dr Htchbk	3427	3461	3393
83 DATSUN			
Sentra 2 Dr Std Sdn	3966	4006	3927
Stanza Hbk 4 Dr Dlx	5405	5454	5351
82 DATSUN			
210 Std 2 Dr	3153	3186	3121
Sentra 2 Dr	3454	3489	3419
Stanza Hbk 4 Dr Dlx	4366	4429	4342
83 TOYOTA			
Corolla Sedan 2 Dr	4748	4796	4700
Celica SI	6792	6860	6724
Camry	7715	7792	7638
82 TOYOTA			
Corolla 2 Dr Sdn	3918	3958	3290
Celica SI Cpe	5516	5571	5461
Corona Sdn Lux	5383	5438	5329